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Message Text

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20/17
ACTION EA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

NSCE-00 SSO-00 USIE-00 INRE-00 IO-14 OMB-01 EB-11

DRC-01 /101 W
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O R 100350Z JUL 74
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC IMMEDIATE 3190
INFO CINCPAC HONOLULU HI

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C O R R E C T E D C O P Y (CORRECT OMISSION PARAGRAPH 2.)

CINCPAC FOR POLAD

E.O. 11652: N/A
TAGS: PINT, JA
SUBJECT: PRIMIN TANAKA PRESS CONFERENCE JULY 9

REF: TOKYO 9019

SUMMARY: IN TELEVISED PRESS CONFERENCE MORNING JULY 9 PRIMIN TANAKA ATTRIBUTED LDP UPPER HOUSE ELECTION SETBACK TO INFLAION. PRESS NOTED NEW LOW-POSTURE ATTITUDE HE TRIED TO PROJECT. QUESTIONS WERE LIMITED TO PRIMIN ASSESSMENT OF ELECTION RESULTS, AND POST-ELECTION POLITICAL AND ECONOMIC PLANS. KEY POINTS FOLLOW. END SUMMARY.

1. PRIMIN KAKUEI TANAKA, SPEAKING AS PARTY PRESIDENT IN TELEVISED PRESS CONFERENCE MORNING JULY 9, ATTRIBUTED SOBERING LDP SETBACK IN UPPER HOUSE ELECTION SUNDAY TO VOTER IRRITATION OVER INFLATION. PROFESSING NEW-FOUND HUMILITY AT SEVERE JUDGMENT RENDERED BY PEOPLE, HE NEVERTHLESS DEFENDED LDP POLICIES WITH
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FAMILIAR VIGOR. HE EXPLAINED THAT REPEATED REMINDERS DURING

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CAMPAIGN THA JAPANESE WORKERS CURRENTLY LEAD INDUSTRIAL
NATIONS IN RATE OF WAGE INCREASES FAILED TO MODERATE WIDESPREAD
DISSATISFACTION WITH RISING PRICES, AGGRAVATED BY OIL CRISIS,
THUS EXPOSING RULING LDP TO SAME KIND OF POPULAR CRITICISM NOW
PLAGUING OTHER DEMOCRATIC GOVERNMENTS AROUND WORLD.
HE HOPED THAT DISAPPOINTING ELECTION RESULTS,
PARTICULARLY BACKLASH AGAINST COUNTERPRODUCTIVE INVOLVEMENT
OF CORPORATIONS IN LDP CAMPAIGN, WOULD PROVE TO BE QTE GOOD
MEDICINE UNQTE FOR PARTY.

2. RESPONDING TO CIRITICISM OF ROLE PLAYED BY CORPORATIONS,
PRIMIN EXPRESSED VIEW THAT CHARGES OF LDP RELIANCE ON MONEY
POWER IN CAMPAIGN REFLECTED BROADER PROBLEM CENTERED ON
ELECTORAL SYSTEM ITSELF. HE ANNOUNCED INTENTION O DISCUSS
OVERALL PROBLEM OF ELECTORAL SYSTEM INADEQUACIES WITH LDP,
OPPOSITION PARTIES AND LEADERS FROM ALL WALKS OF LIFE DURING
SUMMER MONTHS, WITH AIM OF REACHING CONSENSUS ON POSSIBLE REFORM
TO REDUCE CAMPAIGN COSTS BEFORE NEXT ELECTION. IF NECESSARY,
HE HOPED TO BE ABLE TO SUBMIT PLAN TO ACHIEVE THIS PURPOSE TO
NEXT REGULAR SESSION OF DIET, TO BE CONVENED BEFORE YEAR END.
INTER ALIA, HE ACKNOWLEDGED THAT MEDIA CRITICISM OF ROLE OF
CORPORATIONS HURT LDP CHANCES, AND SHARPLY QUESTIONED WHY LABOR
UNIONS ARE PERMITTED TO ENGAGE FREELY IN POLITICAL ACTIVITIES
BUT CORPORATIONS ARE NOT ALLOWED TO HELP PROTECT FREE
ENTERPRISE. HE DECLINED TO COMMENT ON RECENT CRITICISM OF
CORPORATION ROLE IN CAMPAIGN BY CENTRAL ELECTION MANAGEMENT
COMMISSION CHAIRMAN MASAMICHI HORIGOME, AS MATTER TO BE
RESOLVED BY COURTS AND PUBLIC OPINION.

3. WITHOUT FURTHER EABORATION PRIMIN ANNOUNCED THAT HE HAS
PERSONAL PLAN TO TIGHTEN REGULATION OF POLITICAL CONTRIBUTIONS
AND REDUCE CAMPAIGN COSTS. HE CRITICIZED OPPOSITION PARIES
FOR CONSISTENT OBSTRUCTION OF DIET DEBATE OF ELECTORAL REFORM
ISSUE SINCE PRESENT SYSTEM ADOPTED IN 1947, AND SAID THAT HE
WOULD BE PREPARED TO SUBMIT REFORM PROPOSALS ALONG LINES
RECOMMENDED BY ELECTORAL SYSTEM STUDY COUNCIL AT EARLY OPPORTUNITY.

4. PRIMIN EXPRESSED HOPE THAT EXTRAORDINARY DIET SESSION,
REQUIRED BY LAW WITHIN 30 DAYS OF ELECTION TO ORGANIZE
NEW UPPER HOUSE WOULD BE BRIEF. HE DID NOT WISH TO CONSIDER
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OPPOSITION PARTY DEMANDS FOR TWO-MONTH SPECIAL SESSION TO DEBATE
PRICES PROBLEMS, BUT IF LENGTHY SESSION PROVED UNAVOIDABLE,
HE SAID THAT GOJ WOULD ALSO WISH TO RESUME DEBATE OF PENDING
ISSUES, SUCH AS EXTENSION OF UNIVERSIY EMPORARY MEASURES LAW,
DUE TO EXPIRE IN AUGUST.

5. PRIMIN DECLINED TO ANSWER ALL QUESTIONS ABOU ORGANIZATION
OF UPPER HOUSE, WHICH HE SAID WOULD BE FULLY DISCUSSED BY

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MEMBERS OF THAT CHAMBER.

6. IN RESPONSES TO SERIES OF QUESTIONS ABOUT ECONOMIC PROSPECTS, PRIMIN REITERATED HIS UNWILLINGNESS TO INSTITUTE INCOMES POLICY OR INCREASE INCOME TAXES IN ABSENCE OF TRUE NATIONAL CONSENSUS. HE ANNOUNCED FIRM INTENTION O CONTINUE POLICIES OF RESTRICTING AGGREGATE DEMAND AND CREDIT. HE STRESSED THAT PRICES COULD NOT BE DISCUSSED IN ISOLATION FROM CUMULATIVE IMPACT ON ECONOMY OF RECORD WAGE INCREASES OVER PAST THREE YEARS, WHICH HAVE VAULTED JAPANESE WAGE LEVELS INTO THIRD PLACE BEHIND US AND FRG. HE EXPRESSED PESSIMISM ABOUT PROSPECTS FOR CONTINUED ECONOMIC GROWTH IN JAPAN.

7. PRIMIN DID NOT FORESEE NEW ROUND OF RUNAWAY PRICE INCREASES. NOR DID HE FORESEE DECLINE IN PRICES. HE RENEWED COMMITMENT TO PRICE STABILIZATIN POLICY MAINTAINED BY GOJ THROUGHOUT POSTWAR PERIOD, ON GROUND THA IT ESSENTIAL TO PREVENT SHARP OLLAPSE OF PRICES WHICH COULD LEAD TO UNDESIRABLE SOCIAL CONSEQUENCES AMONG PRODUCERS, PRIMARILY IN AGRICULTURAL SECTOR SUCH AS MANDARIN ORANGES AND BEEF. EVER SO BRIEFLY HE ALLUDED TO DISRUPTION CAUSED BY MARKET COLLAPSE IN 1930S.

8. SOME MEDIA COMMENTARY NOTED HAT PRIMIN LAPSES INTO AGGRESSIVE DEFENSE OF LDP POLICIES BELIED NEW PROFESSED HUMILITY WHICH HE SAID WOULD CHARACTERIZE HIS DISCUSSIONS WITH OPPOSITION PARTIES IN ATTEMPT TO RESPOND MORE FULLY TO POPULAR ASPIRATIONS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ELECTION RESULTS, FOREIGN RELATIONS, RULING PARTY, POLICIES, UPPER HOUSE, POLITICAL SITUATION, POLITICAL LEADERS, DEPARTMENTAL TELEGRAMS, PRESS CON FERENCES, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: martinml
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974TOKYO09035
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740183-0149
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740759/aaaabyyo.tel
Line Count: 143
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: TOKYO 9019
Review Action: RELEASED, APPROVED
Review Authority: martinml
Review Comment: n/a
Review Content Flags:
Review Date: 30 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 JUL 2002 by elyme>; APPROVED <26 FEB 2003 by martinml>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRIMIN TANAKA PRESS CONFERENCE JULY 9
TAGS: PINT, ACOM, JA, (TANAKA, KAKUEI)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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